



Cold Calling Alert

The telephone rings as you're sitting down to dinner, relaxing with family or friends, or putting the kids to bed. A stranger is selling something.

It's known as "cold calling." For many businesses, including securities firms, cold calling serves as a legitimate way to reach potential customers. But sometimes serious trouble and financial losses await you at the other end of the line. Dishonest brokers may pressure you to buy a bad investment or the investment might be a scam. Whether the calls are annoying, abusive, or scams, you can stop most cold callers. The law protects you by requiring cold callers to follow these rules.

Call Only Between 8:00 a.m. and 9:00 p.m. These time restrictions do not apply if you already are a customer of the firm or you've given them permission to call you at other times. Cold callers may call you at work at any time.

Say Who's Calling and Why. Cold callers must promptly tell you their name, their firm's name, address, and telephone number, and if the purpose of the call is to sell you an investment.

Put You on Their "Do Not Call" List, If You Ask. Every securities firm must keep a "do not call" list. If you want to stop sales calls from that firm, tell the caller to put your name and telephone number on the firm's "do not call" list. If anyone from that firm calls you again, get the caller's name and telephone number, note the date and time of the call, and complain to the firm's compliance officer and the Montana Securities Department at 1-800-332-6148.

Treat You With Respect. Cold callers can't threaten, intimidate, or use obscene or profane language. They can't call you repeatedly to annoy, abuse or harass you.

Get Your Written Approval Before Taking Money Directly From Your Bank Accounts. If you decide to buy from a cold caller, do not give your checking or savings account numbers to the broker over the phone. Brokers must get your **written permission** – such as your signature on a check or an authorization form – **before** they can take money from your checking or savings account.

What Are the Signs Of Trouble? Honest brokers use cold calling to find clients for the long term. They ask questions to understand your financial situation and investment goals **before** recommending that you buy anything. Brokers who follow the cold calling rules are acting within their rights.

Dishonest brokers use cold calling to find “quick hits.” Some set up “boiler rooms” where high-pressure salespeople use banks of telephones to call as many potential investors as possible in a short period of time. These strangers will hound you to buy stocks in small, unknown companies that are high risk, and sometimes, part of a scam.

Beware Of High-Pressure Sales Tactics. Aggressive cold callers speak from persuasive scripts that include retorts for your every objection. As long as you stay on the phone, they’ll keep trying to sell and they won’t let you get a word in edgewise.

Beware of Brokers Who Pressure You to Buy Before You Have a Chance to Think About – or Investigate – the “Opportunity.”

Beware of dishonest brokers who tell you about a “once-in-a-lifetime” opportunity, especially when the caller bases the recommendation on “inside” or “confidential” information. Don’t fall for brokers who promise spectacular profits or “guaranteed” returns.

If the Deal Sounds Too Good to be True, it Probably Is.

Don’t Deal with Brokers Who Refuse to Send You Written Information About the Investment.

It often is difficult to identify whether an investment offer resulting from a cold call is legitimate. Never buy an investment based simply on a telephone sales pitch. A wise investor will slow down, ask questions, get written information about the investment, and investigate the backgrounds of the firm and broker.

Report Abusive or Suspicious Cold Callers. Contact the Montana Securities Department in the State Auditor’s Office at 1-800-332-6148 or in Helena at (406) 444-2040 to report abusive or suspicious cold callers, or if you suspect an investment offer is fraudulent.